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RECYCLED PAPER

VIA FAX & U.S. MAIL

Leslie Dattel, President
Simi Valley Le Parc Homeowners Association
628 Languid Lane
Simi Valley, California 93065-5409

Re: ZM v. Simi Valley Le Parc Homeowners Association;
American Arbitration Association Case No.: 72-Y-110-
00430-95

Dear Ms. Dattel

This is a brief status report concerning the above-referenced action.

The Le Parc Condominium complex sustained significant damage from the 1994 Northridge Earthquake. ZM Corporation (dba Qwikresponse) was retained to perform the repairs. That work began in late 1994. In 1995, disputes arose between the homeowners association and ZM concerning the work. Pursuant to contract, the dispute was submitted to binding arbitration before the American Arbitration Association (AAA).

The arbitration is now completed. Final arguments occurred on June 18 and 19, 1998. The arbitrator's award was served on July 13, 1998 (attached). It awards in excess of 6.6 million dollars to ZM for various contract and tort claims. The award does not become a collectable judgment until the superior court confirms the award and enters judgment. ZM has filed a petition for confirmation of the award in Ventura County Superior Court. The petition will be heard on August 11, 1998. We, of course, will oppose it. Counsel for ZM has indicated that they will seek to enforce any judgment against individual Le Parc homeowners, by compelling a special assessment or any other legal means at their disposal.

Very truly yours,

ARNOLD, MATHEWS, WOJKOWSKI & ZIRBEL


David R. Worley

Encls.
DRW:jv